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SUBJECT: CZECHS WANT EMISSIONS TRADING DISCUSSED IN ICAO;
NO PLANS FOR NOISE RESTRICTIONS

REF: STATE 24750

¶1. Econoffs discussed the European Commission proposal to add aviation to the EU emissions trading scheme (ETS) with Ministry of Environment Office of Climate Change expert Ales Hilcer and Ministry of Transportation (MoT) Airport Infrastructure Director Katerina Malechova. The Czech Republic generally supports the EC plan to expand ETS into the aviation sector. In particular, the Czechs believe ETS should cover both EU and non-EU carriers. However, the Czechs recognize that a dispute between European and non-European countries is not in their best interest. They have decided to take a bureaucratic stance on the issue by continuing discussions at the International Civil Aviation Organization (ICAO) level to determine whether ICAO's 1944 Chicago Convention permits inclusion of international air transportation in the ETS. The Czechs believe that it does, but they want to obtain mutual agreement from ICAO members before moving forward with the EC proposal.

¶2. Both Ministries believe the EU discussion will take some time to resolve and are still in the process of lobbying their differing positions in the inter-ministerial process. Malechova's deputy Pavlina Kobzova said that for competitive reasons, MoT supports an "all or nothing" approach--either both EU and non-EU carriers should come under ETS at the same time or all airlines should be exempt until a deal is reached. MoT does not support ETS implementation in phases as the EC currently proposes. .

¶3. While noting that the Ministry will comply with a 2002 EU directive which requires reporting on the level of airport noise, Kobzova said the Czech Republic currently has no plans to restrict aviation operations through new environmental taxes, fees or noise restrictions.
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